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Title:

Evatt Memorial Lecture, Sydney University Labor Club - Don Dunstan

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1 November 1991

Dear Mr Howarth

EVATT COLLECTION

In case you have not received it I attach copy of the Evatt Memorial Lecture given by the Honourable Don Dunstan AC QC on 12 August 1991.

Sincerely

Michael Kirby

MICHAEL KIRBY

P Howarth
Special Collections Librarian
The Flinders University of South Australia
G P O Box 2100
ADELAIDE SA 5001

EVATT MEMORIAL LECTURE

SYDNEY UNIVERSITY LABOR CLUB

12 AUGUST 1991

DON DUNSTAN

Herbert Vere Evatt was a man of such enormous talent, and so important to the history of Australia in his time, that it would be impossible to encompass his influence on this country and on individuals in the course of a lecture. I want to mention two influences that he had upon me which were central to my own work in the Labor movement, and which hold I believe important lessons for us today.

In 1945 I read Evatt's now much neglected biography of Holman - "Australian Labor Leader". It was the book which impelled me to join the Labor Party. I had already become a convinced democratic socialist, as I have remained. But until reading that book I had not been convinced that the Australian Labor Party was an appropriate vehicle to achieve democratic socialist policies. What Evatt showed clearly in the book was that for all its imperfections, the Labor Party as the mass supported party giving effect to policies which grew out of the discontent of the working people of this country with the results of unrestricted capitalism was both a possible instrument of change and moreover the only one which was likely to achieve change. There were, of course, in the policies of a mass party things that had been decided upon by majorities which a sizeable portion of the party would have difficulties with. For me, particularly, the plank "Maintenance of White Australia" was a real obstacle to accepting the A.L.P. Platform, but I decided, persuaded thereto by Evatt, that such things could be changed and in due season they were. I am proud to have been the mover of resolutions which succeeded at the Federal Conferences of the Party to bury the White Australia policy.

The second major influence was at the time of the Communist Party Dissolution measures. In these days with the ending of the Cold War and the collapse of Communist regimes in so much of the world, it is hard to understand the climate of fear and smear which pervaded Australia in 1950-51. The Communist Party Dissolution Act passed through the Federal Parliament and there the Labor Party was clearly divided and eventually so weak that it allowed the measure to pass the Senate. When the Waterside Workers Union and others brought cases to the High Court to have the Act declared invalid, Doc Evatt appeared successfully for the Union and persuaded the High Court to throw the

measure out as unconstitutional. Menzies then introduced a measure for a referendum, which also passed the Parliament, to have the people vote to give the Federal Parliament power to pass the Act. Then came Evatt's important lesson to the Labor Party for all time. At the outset of the campaign polls were showing that the "yes" vote would be carried overwhelmingly. Evatt, with the media against him and much of the Labor Party nowhere to be seen, conducted a courageous and effective campaign in his shirt sleeves on stumps and street corners and in factories and workshops across the nation to defeat the referendum. And there was every cause to do so. Under the terms of the Act the Commonwealth Executive Council could make a declaration that someone was a Communist. Such a declaration imported a whole raft of restrictions upon the freedoms of an individual so declared. No proof was required of the Government. To get rid of the declaration a declared person had to go to the tribunal set up by the Act and the onus of proof was on the applicant. In other words you had to say "I don't know what it is the Government says I have done that makes me a Communist but I will now prove that I haven't done it." I had set up in the practice of law by myself in Adelaide at the beginning of 1951 and became involved in South Australia with the campaign for the "no" case. The strength and determination that Evatt showed at that time was a magnificent inspiration to us all. Numbers of our usual poll workers proved strangely unavailable on polling day, so my wife and I manned one large booth in our district for the twelve hours of polling. When the votes came in, a majority of voters throughout Australia and a majority of voters in New South Wales Victoria and South Australia had voted "no". It was great victory against what then had seemed impossible odds. So there is a two-fold lesson.. It is possible to win in this country over an issue of democratic principle, and one should not be deterred from fighting. And even where the conditions of campaigning and the temper of the times makes it appear that to win is highly unlikely, it is possible to produce results which not only surprise the public, but yourself. The recent elections in this State must only serve to reinforce those lessons.

I did not introduce these matters I have spoken of purely for reminiscence of the kind that one must usually expect from retired politicians. I am not here to dwell on the glories of past campaigns but to apply the lessons to the present often alarming state of the democratic socialist movement.

The doctrine of Dialectical and Historical Materialism have collapsed. The essential conclusion of that doctrine, so lyrically expressed by Engels : "The proletariat seizes public power and by virtue of this power transforms the social means of production, slipping from the hands of the bourgeoisie into public property. By this act the proletariat frees the means of production from the character of capital hitherto borne by them, and gives their social character complete freedom to assert itself. A social production upon a predetermined plan now becomes possible. The development of production makes the further existence of different classes of society an anachronism. In proportion as anarchy in social production vanishes the political authority of the state dies away. Men, at last masters of their own mode of socialization become at the same time masters of nature, masters of themselves -free.....The objective extraneous forces which have hitherto dominated history will then pass under the control of men themselves. It is only from this point that men, with full consciousness will make history themselves; it is only from this point on that the social causes set in motion by men will have predominantly and in constantly increasing measure the effects will be by men. It is humanity's leap from the realm of necessity into the realm of freedom," the democratic socialists have consistently claimed to be a load of old cobblers, and they were right. The Communist policy of a dictatorship of the proletariat has everywhere proved to be a dictatorship indeed, but of a self-perpetuating and often increasingly corrupt oligarchy. The requirement of centralised economic planning without market forces to express the demands and choices of the proletariat has meant that the proletariat in its daily living has been unreasonably restricted, deprived to the point of poverty in some instances. So far from people's being free they groaned under an intolerable yolk.

But the goal of freedom and greater material prosperity which is the patent goal of the protesting population of the Warsaw Pact area will disappear in anarchy, exploitation and disaster if an important lesson from Communism is ignored, and that is that there was a reason why the doctrine of Communism found voice originally. Why did the world produce Communists? Because of the misery of much of the world's population occurring under unbridled capitalism and the application of Herbert Spencer's theories of Social Darwinism - now regurgitated but not essentially changed by people who these days are enthusiastic as economic rationalists..

The message of the democratic socialist is clear.. Yes, we must have a market system.. But the working of the market must be constantly reviewed to see that it is not distorted so as to interfere with the purpose of having such a system. If it is so distorted, and this may change from time to time depending on conditions and socially accepted goals for a community, then intervention of an appropriate kind is needed beyond a simple reliance on fiscal measures. Moreover, there is nothing socially undesirable about having community-owned enterprises, in numbers of cases these are desirable on three bases - to provide public utilities, to undertake enterprises which are needed to reach established community goals but which the private sector does not establish, and at other times to compete with the private sector as a means of keeping the bastards honest.

The disasters of sweeping away a Communist administration without taking care to provide fully for the substitution of other administrative systems, and without care as to what is going to happen to a fully employed albeit poor population in the uncertainty of a deregulated system are now only too clear. The right-wing largely laissez-faire Government of Chancellor Kohl was swept back to office in the euphoria of the fall of the government of the GDR. The Social-Democrats were seen as jeremiahs when they warned of the need for care and proper planning of the transition. The now United Germany is beset by the problems which come from a lack of planning of appropriate intervention. And of course it is not only in Germany, but much of Eastern Europe is suffering severely from the sweeping away of existing regimes and the belief that one has the most freedom when restraints of all kinds disappear. Because they have not experienced unregulated capitalism Eastern European populations are in some cases totally oblivious of the kinds of restraints and hardships which it will inevitably bring.

We need to remind ourselves of J.M.Keyne's words in his lectures on "The End Of Laissez-Faire"- "There is no "compact" conferring perpetual rights on those who Have or those who Acquire. The world is not so governed from above that private and social interest always coincide. It is not so managed here below that in practice they coincide. It is not a correct deduction from the Principles of Economics that enlightened self-interest always operates in the public interest. Nor is it true that self-interest is enlightened; more often individuals acting separately to promote their own ends are too ignorant or too weak to attain even these. Experience does not show that individuals,

when they make up a social unit, are always less clear-sighted than when they act separately.

In much of the world there is a rush helter-skelter to copy the U.S. system, regardless of the fact that the U.S. has a substantial level of unemployed, that large numbers are still suffering from the effects of the last big stock crash, that the state of the economy is something that the Republicans would prefer voters not to think about too much, and that a very large group of people has been affected by the collapse of the Savings and Loan. In this country we have a curious conundrum being foisted on the public. We have, it is true, in the media considerable space devoted to the collapse of the positions of numbers of the enterprises of previously high fliers in Australia's corporate world. It is but a few years ago when Mr. Bond, Mr. Elliott, Mr. Skase, and Mr. Spalvins could be found as socially desirable subjects for reportage, and their pontifications were taken seriously at many levels. While these heroes have now fallen from public favour, yet no lesson about Australia's corporate private sector seems to have been learnt.

It is simply assumed that while the collapse of large commercial empires, some of which have been created not by any discernible constructive or innovative product or process or service development work by the emperors, but rather by the authorised process of takeovers, mergers and corporate raids, (in itself something which has highly undesirable social consequences,) somehow it is all to be borne as being in the natural order of things. At the very same time it is peddled strongly by the economic rationalists that the way to produce efficiency happiness and optimum benefit for the average citizen is not to do anything to alter the very process by which the empires could be created and collapse, but to sell off as much as we can of the public sector so that it can be subject to a like process.

The structure of corporations in the private sector under Australian law is fundamentally flawed. And until we do something about it we will have the kind of capitalist problems in this country which we now so widely experience. The operations of private sector companies are almost totally predicated to the protection of shareholders' share values, by institutionalising pressures to keep these likely to be at a maximum at all times. It is notorious in this country that industry here grossly underspends on research and development, and often underspends badly on re-equipment. The reason is plain. The directors

must constantly look over their shoulders for possible take-over bids. If the value of shares, because of dividends withheld to provide for research development and re-equipment falls below the appropriate one seen as the value of the company as a going concern, then they are subject to takeover bids which are difficult to defend the company from because the existing directors are hedged about to stop insider trading in shares.

There is no benefit to the public by subjecting public sector undertakings to this crazy system. There is an assumption among some people in the Labor movement that "competition" of a kind will inevitably lead to greater efficiency and service to the public. In some circumstances it may. I was one of the first to give evidence to the Airlines enquiry that the old two-airlines policy had clearly made the prices on some routes in Australia much too high and the only way out of that, despite misgivings as to what may be caused in other areas, was to de-regulate. In South Australia we have had a long experience of restaurants starting up and after a while going out of business. I was approached as have Governments since been, to place limits on the numbers of licences for restaurants in South Australia, and rightly refused. Restaurant standards are only maintained by competition, and without it Australian food service would be much worse. On the other hand, it has recently been suggested in South Australia that the small business assistance office of the Government be handed over as a function of the Chamber of Commerce and Industry. The office was originally set up because some of the larger interests strongly represented in the Chamber were well known to see it as their duty to shareholders to protect their companies from competition. The existing Trade Practices provisions in Australia are not nearly good enough adequately to restrain them.

What is ignored in much of current cheery assumption making is that all organisations, and particularly large organisations, whether in the public or private sectors, tend to inertia unless prodded out of it by the actions of ginger groups who will constantly re-examine what is being done to ensure that it does provide the service it is intended to do. It is necessary to do this in private sector corporations as well as in the public ones. In public sector operations, however, there is a further factor to be taken into account- much public sector employment is tenured and in consequence public sector organisations can develop an entrenched negativism which is hard to conquer. But it certainly can be done and social democratic governments should avoid like the plague the

proliferation of rules as public sector monitors; instead what is often the only appropriate way to ensure that an operation is doing its job is in a radical redesign of the organisation. This requires courage tenacity and some pain, but is often the correct answer rather than the simplistic one of "privatisation." How often does one hear now of Australians returning from Britain complaining that Mrs. Thatcher's privatising of services in many cases has led to much worse service than that which privatisation was supposed to cure!2

If we are to do something about the corporate sector, while maintaining a market based, rentier financed system, then we have to look at what the corporate sector is supposed to be serving. Why do we allow the joint stock, limited liability corporations to exist though they were so condemned by Adam Smith? There are three constituencies which they should be regarding: their investors, their employees, and the public. At the moment the relationship between company directors and their shareholders is tenuous in the extreme. Shareholders are hardly involved in corporate decision-making in any form. They should be much better informed. The notion that a directors responsibility is to the "company" (i.e. to a fictional corporate person,) is a nonsense which has grown out of company law which has no use or virtue in achieving the interests of shareholders. The employees of a concern have made a commitment in their lives to work for an employer. They cannot be treated, as often in this country they have been, as merely an expendable resource in the company's balance sheet. Therefore in the controlling body of the company there should be workers representation. This of course can only come about when an organic process had occurred within the company structure to ensure there is adequate communication and participation between workers representatives and the shop-floor and an ongoing participation in decision-making at all levels of an enterprise. In addition, of course, there is the public. It is under conditions provided by the community that corporations exist. Goods or services are provided to the public. Any failure of the company may not only affect that company and its shareholders, but persons relying for goods and services on the company, suppliers, and other companies whose share prices may fall once the failure hits the market. It is essential to have directors whose duty is to protect the public. If the latter two groups of directors were over a period added to company boards, the takeover operations of recent years (and not so recent years for that matter,) would be the more difficult as unlikely to render up the control of

companies in the same way that continues to happen. It is of little use hoping that corporate responsibility can be procured in Australia with the operation of the Federal securities and exchange controls. While I would not for a moment say that these are not worthwhile, it would be absurd after experience elsewhere to consider them anything approaching a panacea.

If we are to undertake courses of this kind there remains much work for the Labor Party to do. But that work is vital. The alternatives of deregulated Capitalism and monolithic Communism are clearly discredited. There is an answer in democratic socialism, but we must see that we still fight on as democratic socialists. We must detail our answers in the conditions of today in contemporary terms, and use Evatt's grit and determination to persuade the party and the public to them. Otherwise we will find ourselves not competing for the centre ground in politics but for the right! A democratic socialist party is not about just protecting trades unionism, running more caring social services than the Liberals, and managing everything else in the economy by fiscal policies tied together with disposing of the public sector. It is about the sound planned and sensible intervention in the economy which says Capitalism clearly does not work - we will plan our interventions to see that this country does work in democratic freedom and maintaining social justice.

EVATT MEMORIAL LECTURE
SYDNEY UNIVERSITY LABOR CLUB

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